DOCUMENT RESUME

ED 211 805 CE 031 089

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TITLE Getting Down to Business: Hair Styling Shop, Module 30. Teacher Guide. Entrepreneurship Training Components.
INSTITUTION American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE May 81
CONTRACT 300-79-0535
NOTE 34p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC100NN2, $3.00. 25% discount on 100 or more of same title. Complete set --ETC100--$200.00).

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Administrator Role; Advertising; *Business Administration; *Business Education; *Business Skills; *Cosmetology; Financial Support; Information Sources; Learning Activities; Learning Modules; Money Management; Recordkeeping; Salesmanship; Secondary Education; Teaching Methods
IDENTIFIERS *Entrepreneurship; *Small Businesses

ABSTRACT

This is the thirtieth in a set of 36 teacher guides to the Entrepreneurial Training Modules and accompanies CE 031 088. The purpose of the module is to give the students some idea of what it is like to own and operate a hair styling shop. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Hair Styling Shop; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices: Advertising and Selling; Keeping Financial Records; and Keeping Your Business Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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Entrepreneurship Training Components

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ED211805

GETTING DOWN TO BUSINESS:

Hair Styling Shop

Module 30

Teacher Guide

CE031089

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GETTING DOWN TO BUSINESS:

Hair Styling Shop

Joyce P. Gall

May 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Education Department

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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Office of Vocational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possibility. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a hair styling shop. Students will have an opportunity to make the same decisions that the owner of a hair styling shop makes. While the module is not a complete "how-to" manual, the individual activities will provide your class with the chance to do many of the planning and daily activities that small business owners do.

Today, owners of small businesses face a multitude of problems--some minor, some that threaten their very existence. These problems reflect the constant changes that our society is going through--economic, cultural, and technical. While this module cannot hope to address itself to all of them, the discussion questions at the end of each unit are designed to give your class an opportunity to discuss them and develop, on a hypothetical basis, solutions for themselves.

You may want to present this module after completing Module 1, Getting Down to Business: What's It all About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms introduced in Module 1 are used in this module with a restatement of their definitions. Also, the forms used are the same, with some minor changes to fit a hair styling shop specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a list of what the student should be able to do at the end of that unit.

2. Case Study--an account of a cosmetology business owner for a more intimate view of owning a cosmetology business.

3. Text--three to four pages outlining business management principles introduced in the case study but focused more on the student.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information in the text to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:
Each unit = 1 class period; total class periods = 9
Introduction, quiz, summary = 1
Total instructional time = 10 class periods

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of the module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (10-15 minutes)

I. In introducing this module you will probably want to find out what students already know about hair styling shops.

- Ask what cosmetology services they know about.
- Ask if they know about any small hair styling shops.
- Ask them what they think the advantages of owning their own hair styling shop might be.
- Ask them what disadvantages they see.

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities hair styling shop owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Hair Styling Shop (1 class period)

I. Case Study: Dinah Simmons decides to start her own hair styling shop. She decides what services she will offer and what kinds of customers she wants to attract. She also plans to learn about other businesses that offer beauty and health services in her area.

Text: Services and Hair Care Products
The Importance of Personal Qualities
Competing Successfully
Legal Requirements

II. Responses to Individual Activities

1a. Definitely offer - because almost every beauty salon operator is expected to provide these services.

1. Shampoo
2. Cuts
3. Tints and dyes
4. Conditioning
5. Permanents
6. Hair sets
7. Blow drying

b. Would consider offering - if the customers attracted to salon wanted these services.

1. Teasing
2. Straightening
3. Weaving
4. Treating hair infections
5. Facial treatments
6. Manicures
7. Pedicures

2. Most important to have: Communicates well; energetic; has a sense of style; has good eyesight; well groomed.

Most important not to have: Has skin allergies; has very large hands; likes to gossip; likes to work alone; prefers outdoor work.

3. Total Market: Everyone who wants professional hair care or hair styling.
Different services depend on:

Age. Children usually need haircuts only. Have toys available; give out lollipops or sugarless gum; make a special effort to make children comfortable. Schedule older people and children on different days; greying hair needs special attention. Young people may want special hair styling.

Sex. Probably more females than males will want manicures. Make male customers feel comfortable; avoid an overly "feminine" mood in your beauty salon; learn about male hair styles and cuts.

Ethnic background. Learn about differences in the hair of Blacks, Asians, etc. Customers of different cultures may want special styles or treatments--for example, hair straightening, hair weaving, or braiding.

Occupation. People in some occupations prefer simpler hair styles, for example, simple cuts, straight hair, wearing the hair down rather than pinned up.

4. If you ran a hair styling shop, you might be able to help your business compete successfully by:

   a. Offering unique products/services: specializing in ethnic hairdressing; offering a full range of services to male customers; giving discounts for senior citizens, large families, etc; having a full range of hair care products available for sale at reasonable prices.

   b. Offering special support services: making home visits to bedridden customers; extending your appointment times for special customers; keeping a photographic record of each client's hairstyle changes with notes on satisfaction, problems, etc.

   c. Developing a special business image: a catchy business name, for example, "Hair Pin," "Blood, Sweat, and Shears." A name that suggests your unique service, for example, "Lui Expert French Hairstyling," modeling different hairstyles yourself, using stationery and cards with a unique design.

III. Responses to Discussion Questions

1. Arguments for health side: Cosmetologists are trained to treat hair and skin disorders; healthy hair is the most attractive hair; keeping hair clean and trimmed makes it healthier and more attractive; permanents, dyes, and tints can be harmful to hair.

   Arguments for beauty side: Cosmetologists can help each client choose a hair style that makes him or her more attractive; a permanent or hair coloring can improve on nature; having your hair, skin, and nails in top condition makes you look better.

2. Good physical health: The cosmetologist is in close contact with customers and should not pass on germs; he or she must work long hours and does work that is demanding, both physically and creatively.

   Attractive but low-key personal appearance. The cosmetologist is a walking advertisement for his or her own services so should have healthy and attractive hair/skin/nails. An

outlandish hairstyle will "turn off" some customers. It is best not to outdo your customers or make them feel inferior to your own beauty. Strong perfumes (or body odor or bad breath!) are offensive when you are working close to someone.

Liking to be comfortable and being able to relax quickly. A cosmetologist should dress in comfortable shoes and clothes. In order to survive long periods of standing, he or she should be able to relax quickly--for example, by taking short breaks between appointments.

3. Possible reasons for preferring a barber:
   - More likely to be a man
   - Probably has more male than female customers
   - Haircuts may be less expensive than at the beauty salon; a barber may offer services most beauty salons do not, such as shaves or trimming beards and moustaches

4. Possible reasons for various requirements for a cosmetologist's license:

   a. Be at least 16 years of age: to ensure that the cosmetologist is of adequate physical size and has enough maturity to handle the job.
   b. Have completed the 10th grade: to make sure that the person has the necessary verbal and mathematical skills to do the work.
   c. Pass a physical examination: to make sure that the cosmetologist does not have any diseases that customers might contract, that the person has the necessary physical endurance to do the work, and possibly to check personal cleanliness and neatness.
   d. Have graduated from a state-approved cosmetology school: to ensure that the person has learned the knowledge and skills that state officials consider necessary to practice cosmetology.
   e. Pass a written and practical state licensing examination: to make sure that the person can actually apply the appropriate knowledge and skills in a test situation.

IV. Group Activity

The purposes of the activity are to: (a) give students experience in identifying, contacting, and getting information about real-life businesses in cosmetology; and (b) have the class analyze and compare hair styling shops with respect to services, customers, and competition.

Unit 2 - Choosing a Location (1 class period)

I. Case Study: Dinah chooses a location for her cosmetology business. She researches several locations thoroughly before making her decision. The location she picks offers advantages for her business.

Text: What to Consider
General Area
Appropriate Business Location
Appropriate Building Site

II. Responses to Individual Activities

1. Information Needed:

a. Cost and availability of nearby parking
b. Times of day when auto traffic is heaviest
c. Whether urban renewal is planned in the area
d. Whether the plumbing is in good shape
e. How strict the landlord is about receiving the rent on time

2. Advantages: Hotel guests will probably go to your salon rather than to others. Rent may be lower because of the added service to hotel guests. Hotels also attract local people (for meetings, dining, etc.) who will see your salon.

Disadvantages: High customer turnover limits the services you can provide. The hotel may put limits on your shop hours. The hotel may want to regulate your ways of doing business.

3. H: Available parking spaces--if parking is easier, customers will be more attracted to your beauty salon.

Bus routes through the area--if it is easier for nondriving customers to get to your salon, you will have more of such customers.

Number of people passing by daily--more people will know about your salon and will be likely to visit it or tell others about it.

L: Cost to lease or buy the site--keeping this cost low improves your cash balance.

Number of similar businesses in the area--the more competition, the smaller your share of the market.

Number of former tenants in that site--many tenants moving out probably means there is something wrong with the site.

III. Responses to Discussion Questions

1a. The business did not fail. It ended when the owner retired. Unless he retired at a younger age than most people do, his retirement probably does not suggest any problem that will affect your business.

b. You should find out more about the other beauty shop. Then decide how best to compete: offer additional services, do more advertising, etc.

c. Take a walking tour of the neighborhood if you have not yet done so. Locate the available parking and see if you agree there is not enough. You might rent some spaces or arrange to validate your customers' parking if they park in fee lots or garages.

d. The owner seems to be a good landlord. Probably all you need to do now is report any needed repairs. If the former tenant is right, the repairs will probably be taken care of without delay.

2.

Downtown Department Store Salon	Suburban Shopping Center Mall Salon
There might be mostly metered or fee parking in the downtown area.	There is probably plenty of free parking.
There are probably many women customers of the department store.	Women will probably be shopping in all the general and female-oriented businesses in the mall.
Many upper-income-level customers, as well as middle-income customers, may shop downtown.	Mostly middle-income and lower-income-level customers may shop in suburban shopping centers.

Other things to find out: Rent for each location; number of other salons nearby; availability of public transportation; size of each salon space; room for expansion, etc.

3. Problems with Teresa and Judith's location:

a. They must first plan a great deal of remodeling (rewiring, insulation, fireproofing, tearing out walls, adding windows, bathrooms, sinks, new flooring).

b. Remodeling will cost money, and the beauty salon cannot open until it is completed.

Benefits of this location:

a. The rent is probably very low.

b. There is a great deal of space for storage, business, and future expansion.

c. Visibility, available parking space, and number of potential customers are high.

IV. Group Activity

The purpose of this activity is to give students the opportunity to personally inspect and analyze the strong and weak points of a real-life hair styling shop location.

Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Dinah figures out her starting expenses and decides she needs a bank loan. She learns what the bank requires and writes a business description.

Text: Choosing a Money Source
Statement of Financial Need
Business Description

II. Responses to Individual Activities

1. Advantages: Friends may not charge interest. You don't need to spend a great deal of time to convince friends of your trustworthiness, etc. Friends may be more willing to help you out than a lending institution.

Disadvantages: Friendships often suffer when a loan is not paid back promptly. Your friends may need the money themselves. Being in debt to a friend may make you uncomfortable around that person.

2. This description states the total market for cosmetology services rather than the share of that market that a new business can expect to attract. It includes everyone, even though not every person uses cosmetology services. The term "citizen" is confusing; "person" would be better. The language is also very flip.

3. Products or services the business will provide; the business location; the kind and amount of competition there is; the number and type of potential customers; and plans for making the business compete successfully.

4. Problems: You may have to wait or reapply before your loan is granted, which delays the start of your business. You must pay interest on the loan. You must pay back the loan in a specified time.

Benefits: Most people don't have enough money of their own to get started. You increase the chances of business success by having more rather than less capital. If you get a loan and the business does poorly at first, you will have more personal capital to tide you over until business picks up.

III. Responses to Discussion Questions

1a. The statement of financial need makes you consider all the possible sources of money that you might use to finance the business.

b. To fill out the statement, you need estimates of all your start-up expenses. This helps you plan more thoroughly and realistically.

c. After filling in the statement, you may decide you need a loan after all. A statement of need that is reasonable and complete will help you get the loan if you decide to apply.

2. Points to consider:

   a. You are probably more sure of the products and services and can speak more definitely about them. You can only estimate the potential competition and the needed or expected share of the market for your business. Unless you have made a deposit on your location (or own it), that may be uncertain too.

   b. The plan for meeting the competition is your opportunity to be creative and make a strong case for the unique products or services of your business. If you have good ideas for your business image, this is the place to play them up.

   c. Emphasize whatever will convince the lender to approve your loan. For example, if you have an especially strong location lined up, give it more attention. If your location is weak or so-so, give more attention to other aspects of your business plan.

3. The chances of getting a loan are good, particularly if your business description and estimate of financial need are sound. It is a good business practice for banks and other lending institutions to lend money to promising new small businesses. (Small businesses stimulate economic growth.) If the bank declines your loan, chances are great that the Small Business Administration will give you backing--especially if you belong to a minority group or are a woman, handicapped person, veteran, etc.

IV. Group Activity

The purpose of this activity is to give students practice in writing a business description for a hair styling shop.

The teacher should read the business description and give each writer feedback on:

a. the completeness and accuracy of that writer's section of the business description;
b. how persuasive the overall business description is likely to be in encouraging the bank to make a favorable decision on Dinah Simmon's loan application.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Dinah lists all the tasks required to run her business. She decides to hire people to help with some of the tasks.

Text: Listing Tasks
Dividing the Work
Contracting for Services
Dinah's Hiring Strategy
Training Employees

II. Responses to Individual Activities

1. Desirable qualities include:

a. good at arithmetic - his or her figures are accurate
b. thorough/careful - to make sure he or she keeps detailed and accurate records
c. neat/orderly - to help me understand the records myself
d. polite/pleasant - to help ensure I can get along with this person

2. Owners of hair styling shops may make one of several different arrangements with the hair stylists who work in their shops. In most cases, they give salaries based on a percentage of the money each stylist brings in. The usual percentage is around 50-60%. The owner may guarantee a certain minimum income per week. Sometimes hair stylists act as independent agents. In this case, they rent a station in the shop and pay the owner a fee and/or a commission.

3. Possible benefits: You will attract customers who want both hair and nail care. You will take in more cash if hair care customers also get a manicure. Your salon will offer an additional service without your having to do manicures yourself. Possible problems: You will have to pay the manicurist when his or her services aren't used, so you could lose money. You will have added responsibilities: supervising and getting along with a new employee, handling the earnings and salary, etc. If the manicurist leaves at some point, some of your customers may leave also.

4. Training possibilities include: have her take some courses at a nearby beauty college; have her watch Elton work on customers; watch her work and assist or comment as needed; get her a good supply of current hairstyle and fashion magazines.

III. Responses to Discussion Questions

1. Possible skills: good at hair styling; able to set hair quickly and well; neat and careful when handling dyes and solutions; can recognize and correctly treat disorders of hair and scalp; keeps equipment clean and neat. Possible personal qualities: tactful and positive in relating to customers; gets along with co-workers; energetic; physically healthy; can communicate well; well groomed; has good eyesight.

2a. The length of experience required seems reasonable. You might want to specify the kinds of experience desired; for example, "experience with haircutting, shampooing, dying, permanent waving, and manicuring."
b. This educational requirement seems too high. "A high school diploma and graduation from an approved school of cosmetology" seems more appropriate. However, if all the cosmetologists in this salon have four years of college and this is really important, explain why.
c. This is a reasonable requirement, but not everyone will agree on what it means. How about "ability to get along with employers and customers in the past"? This is clearer, and it can be checked.

3a. Put an ad in the "Help Wanted" section of the newspaper. Call the state department of human resources and employment agencies and describe what you are looking for. (They often keep lists of candidates interested in particular kinds of jobs.)
b. Ask friends and business associates if they know of anyone.
c. Contact local school of cosmetology (such schools generally help their graduates obtain jobs). Check "Situations Wanted" section in newspaper classified ads.

IV. Group Activity

The purpose of this activity is to give students practice in inverviewing potential employees, and in being interviewed by potential employers, for work in cosmetology.

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Dinah goes through a typical busy day and plans her schedule.

Text: Work Schedule
Record of Special Services

II. Responses to Individual Activities

1. WORK SCHEDULE

DATE: Wednesday, May 5

Time	Customer	Service Desired	Comments
8:30	--	--	--
9:00	Carla Romano	Shampoo, trim, extra-tight perm	New customer
9:30	"		
10:00	"		
10:30	"		
11:00	Eliza Dayton	Shampoo, cut, set	Call her if I can take her earlier - 493-7020
11:30	"		
noon			

2. Advantages: The owner does not need permission to take time off when something comes up. The owner is free to switch tasks or appointments around if needed. Disadvantages: Owners have to think about what hours they will work and often must change their work schedule. It is usually harder for an owner to leave the work behind at the end of the day.

3. Possible responses: switch her phone to take taped messages whenever she is with a customer; answer the phone only during certain hours, and let customers know this; hire a part-time receptionist to answer the phone and make appointments.

4. Possible responses: get an answering service to take calls and make appointments; hire a receptionist; ask customers to make appointments at the shop.

5. Dinah used special service cards to keep track of the services she had given her regular customers in the past; they also helped her remember which waving solution, etc. she used and how long she left it on.

III. Responses to Discussion Questions

1. Ways this may be true: The owner without employees: (a) needs to schedule only one person's time rather than several people's time; (b) does not have to spend time training and supervising people; (c) does not have to spend time figuring out salaries, taxes, etc. for employees. Ways this may not be true: Owner with employees: (a) can assign work to employees when the owner gets overloaded; (b) has employees to help in scheduling the beauty salon's work.

2. Issues to consider: whether this is a typical day for Dinah; the length of her day; the number of people she deals with; the variety of services and other tasks Dinah performs; whether she has enough time for her personal life.

3. Possible problems: Jackie is doing all the longer, tougher jobs toward the end of the day when he may be tired. Some customers who need short service may be free afternoons only, and some who need long service may be free mornings only. It may be harder to fill in one long block of time if you must reschedule than to fill in two or three shorter ones.

IV. Group Activity

The purpose of this activity is to give students practice in dealing with the tasks of a hair styling shop that are not as obvious as those involving work with customers, and that may differ for a self-employed cosmetologist like Dinah working alone and for a cosmetologist with employees.

Suggested List of Tasks and How Often They Need to Be Done

General (with or without Employees)	With Employees
Order supplies - monthly	Employee training - monthly/ as needed
Clean and maintain salon - daily/as needed	Employee supervision - as needed
Pay bills - as needed	Record hours worked for each employee - daily
Keep the books - weekly	Pay employee salaries - monthly
Accounting - monthly	
Advertising - monthly	
Correspondence - weekly	

Give feedback on the schedule, noting such points as: is the workday too long/too short? Are there any breaks? Are long and short appointments alternated to help break up the day? Are work with customers and other work alternated to get everything done and help break up the day?

Unit 6 - Setting Prices (1 class period)

I. Case Study: Dinah decides how to price a new service.

Text: Cost of Supplies
Operating Expenses
Profit
Demand
Competition

II. Responses to Individual Activities

1. Possible responses: A haircut takes less time to give. No special materials are needed. In most cases, it takes less training to get skilled in giving haircuts.

2. Each salon may be different in: the income level of the customers it attracts, rent and other operating expenses; experience and salary level of its cosmetologists; amount of competition nearby.

3. $10.00 is best. $5.00 covers only operating expenses, so a higher price is needed to cover profit. $15.00 seems high, since a trim doesn't take special materials or much time to give.

4. Ways it makes sense: A trim is easier and faster to give an old customer because Dinah has had practice. "Old regulars" will value Dinah and remain loyal customers. They can afford to get trims more often, and are good "walking advertisements" for Dinah's services. Ways it could be a problem: A new customer who finds out he or she is paying more may complain or not come back. Having different prices for the same service can make bookkeeping harder.

5. (a) Problems in raising prices. Customers may not use the services as often. She may lose customers to lower-priced competing salons. (b) Problems in cutting salaries: Cutting her own salary is simply another way of losing money. Her assistant may quit or not work as hard if her salary is cut.

III. Responses to Discussion Questions

1. Hernando could try to attract clients who are more willing to pay higher prices; reduce prices a bit to attract more customers; bring in one or two more operators with a following to increase business and share overhead and advertising expenses; advertise in neighborhood and school newspapers; or offer a discount to bring new people in.

2. Arguments for pricing Flexiperm the same: People won't have anything to lose by trying the new permanent. Offering two permanents at the same price will increase Dinah's permanent

business. What Dinah loses on Flexiperms she can make up on the regular perms, which are cheaper and faster to give. Dinah can raise the Flexiperm price later to make up her losses after lots of customers have tried it and seen why it's better. Arguments for pricing Flexiperm higher: Materials cost more, and it takes longer to give a Flexiperm. Although customers might get a Flexiperm once for the same price, they'll go back to regular perms when the price is raised. You get what you pay for; if you really want people to believe Flexiperm is better, then you must charge more for it.

3. Factors include: the salary levels of employees; the number of hours employees work; the number of customers that each employee attracts; the amount of time the owner must spend supervising and keeping records on employees; the cost of equipment, work space, etc. that need to be provided for employees.

IV. Group Activity

This activity is designed to give students practice in analyzing the factors that affect the prices of cosmetology services.

Suggested Answers:

1. Overall, the DeLuxe will probably have lower prices than what Dinah charges.

2. Cost of supplies: Lower, since the DeLuxe probably orders in volume. Demand for service: Dinah offers ongoing consulting; if there is a demand for this service, she can charge more than the DeLuxe. Competition: The DeLuxe must dominate the market for low-cost hair care given by students. Dinah competes for a different type of customer--professional women and wives of professionals who can pay more. Operating expenses: May be lower since the DeLuxe probably has less operator space than Dinah. Profit: The DeLuxe operates on volume, so it may need a lower profit margin on each service provided.

3. $20.00 Since Dinah's operating costs and personal salary requirements are higher, she will lose money if she charges less than the DeLuxe for the same service. She should not charge the same, because she has more experience and provides consulting, and her customers are higher income people overall than the DeLuxe's customers.

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Dinah advertises her new business name and location. She uses the Yellow Pages, newspaper ads, and fliers.

Text: How to Spread the Word
Why Advertise Every Month?
How to Sell

II. Responses to Individual Activities

1. Be friendly and polite. Suggest ways to solve problems--for example, use of a different shampoo to fight dandruff. Explain hairstyle choices and procedures. Give each customer special treatment; for example, remember who is sensitive to hot water when you shampoo. Answer questions clearly.

2. The ad should include: name of the beauty shop; address; phone number; hours; and special services.

3. Dinah uses the Yellow Pages for year-round advertising. A university paper is read mostly by students. It is not the best way to reach the professional and high-income customers that Dinah prefers.

4. Yellow Pages ads and fliers differ in the following ways: Who sees the ad--The Yellow Pages are used by people consciously looking for services; fliers reach many people who are not looking for services. Fliers may succeed in attracting some of these people to your shop. Amount of detail--A flier would probably contain more information about your services than most Yellow Pages ads, especially small ones. Costs--Yellow Pages ads are cheaper for the amount of people they reach. Fliers, though more expensive, reach customers with more impact, especially if you write the individuals' names on them.

III. Responses to Discussion Questions

1. Dinah wants a business image that emphasizes her professional skill and knowledge. She wants to attract well-to-do and professional customers. A "mod" newspaper ad is wrong for Dinah's image and will appeal to a different type of customer. A more serious and professional image would be better--one that emphasizes Dinah's personal consulting and problem-solving approach to hair styling.

2. Comfort: easy chairs in waiting room; cushioned styling and dryer chairs; carpeting; soft lighting; serving coffee and tea.

Convenience: location downtown or near buses and parking; answering service during nonbusiness hours; fully equipped restrooms; babysitting for customers' children.

Prestige: high-quality furnishings; artwork and plants; encourage customers to get a shampoo or manicure along with other services; style and fashion magazines in waiting room.

Health: serve fruit juice; health and nutrition magazines in waiting room; give treatments for diseased or damaged hair; give information about other health-oriented businesses in the area.

Economy: keep prices competitive; offer "specials" on some services; put discount coupons in ads; sell good quality hair care products at a discount.

IV. Group Activity

The purpose of this activity is to give students practice in designing a printed ad. Students should use the information in this unit's case study (and may refer to previous segments of the case study) to design the ad.

Students will receive a critique from other students on the quality of their ads. Give feedback to supplement this critique as necessary.

Suggested Points:

1. Headline: Does it express the major single idea about the beauty salon and its services? Is it the right length? Does it have the appropriate mood?

2. Copy: Does the copy give the basic facts about Dinah's services, or does it leave out information that would be important to the reader? Is it overcrowded with unnecessary information? Does it emphasize Dinah's unique services and appeal? Does it note the recent changes in her business name and location?

3. Illustration: Is the illustration clear and well done? Does it support the ideas in the headline and copy?

4. Identification: Does the ad use a special logo or typeface that is always associated with the shop and identifies it at a glance? Does it include the shop's location, hours, phone number, and name of the owner?

5. Layout: Does the arrangement of the parts of the ad and the use of white space make the ad easy to read? Does the layout stimulate the reader to read the whole thing?

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Dinah keeps track of her finances on a typical day. She writes sales slips and checks and fills out a daily cash sheet.

Text: The Sales Slip
The Daily Cash Sheet

II. Responses to Individual Activities

1. DATE: January 12

CUSTOMER: J. Cattaneo

DESCRIPTION OF SALE	PRICE
Haircut	$ 8.00
Hairpick	2.00
SUBTOTAL	$10.00
TAX (6%)	.12
TOTAL	$10.12

2. CASH SHEET

May 18

CASH RECEIPTS		CASH PAYMENTS	
2 Permanents	$ 50.00	Rent	$300.00
3 Haircuts	30.00	Utilities	
4 Shampoo/sets	60.00	Equipment	
		Furniture	
		Supplies	180.00
		Advertising	
		Petty Cash	
		Other	45.00
TOTAL CASH RECEIPTS	$140.00	TOTAL CASH PAYMENTS	$525.00

3. Since Dinah works alone, she can't always get to the bank, so having cash on hand seems wise. The $100 amount seems like a lot, however. Dinah should check how much money she is spending in petty cash and whether all the purchases are necessary. She might cut down on the amount. She might also get a lock for the drawer if she doesn't already have one.

III. Responses to Discussion Questions

1. Possible responses: list of petty cash expenditures; checkbook and check stubs; weekly and/or monthly cash summary sheets; income tax withholding (W-4) forms (for employees).

2. Informal IOUs. Pros: They don't require special forms or procedures. Cons: You must wait for payment. This system depends on the customer to be prompt and honest in paying. Single-business charge account. Pros: You can increase business volume by offering credit. You can require information about the person's ability to pay rather than rely on personal knowledge or trust. Cons: You must wait for payment. Bookkeeping is more complex. Collection for unpaid debts is the responsibility of the business. Third-party national credit cards. Pros: You can increase business volume even more. Customers appreciate the convenience of being able to use charge cards to make purchases. The credit card company is responsible for collecting payment from the customer. Cons: Bookkeeping is even more complex. You may have to wait until the credit card company collects before receiving payment.

3. The exact amount may vary, but it obviously needs to be more for a business with four employees than for self-employed cosmetologist like Dinah, who works alone. Issues to consider regarding use/misuse: (a) Should all four employees have access to the petty cash? (b) One person should be responsible for approving or recording each use of the cash fund. (c) There should be a written policy of the type of purchase and maximum amount to be paid out of petty cash. Issues to consider regarding theft: (a) Keep the fund in a locked drawer or safe; only people with approved access should have keys or the combination. (b) How much cash can the business afford to lose without suffering a serious financial setback? (c) The business might provide a checking account or credit card instead of cash for making small purchases since these provide an ongoing record and can be blocked from further use if stolen.

4. They would need a longer sales slip to cover the numerous supplies sold, or they might want a different sales slip for beauty salon services than the one they would use for purchases of supplies. The daily cash sheet might need a more detailed breakdown of cash payments under "supplies." Since two people are using the forms and records, they may need to specify everything on the form.

IV. Group Activity

The purpose of this activity is to give students practice in thinking about typical cash receipts and payments for a hair styling shop. They will also have further practice in filling out a daily cash sheet.

Unit 9 - Keeping Your Business Successful (1 class period)

I. Case Study: Dinah compares her profit ratios for the past two years. She decides to try to increase her profit ratio by increasing sales.

Text: The Profit/Loss Statement
Profit and Expense Ratios
Keeping Your Profits High
To Grow or Not to Grow

II. Responses to Individual Activities

1. Even if net profits are higher than last year's, the ratio of profits to revenues may be declining. Usually, you want both the profit ratio and the net profit to be as high as possible.

2a. Profit ratio = 56%
b. Expense ratio = 32%
c. Net profit was higher in Year 3.
d. The profit ratio was higher in Year 2.
e. Year 3 was a good year. Dinah's revenues and profits increased from Year 2. Year 3 could have been even better if the profit ratio had been as high as it was the year before.

3. c; a; e; b

III. Responses to Discussion Questions

1. Dinah could raise prices, add customers, "push" more profitable products and services, add new products and services, and reduce expenses (e.g., by conserving energy and cleaning her own shop). Students should give specific examples of how these things can be done.

2. Possible factors: whether the business offers enough challenge; pride of ownership; enjoyment of the tasks of managing; whether your business enjoys a good reputation in the community; and whether you provide a service or product that is needed, in demand, and has social worth.

IV. Group Activity

The purpose of this activity is to give students practice in working together to devise ideas for making a hair styling shop successful. Give students feedback on the originality and feasibility of the products and services they suggest. Suggest other possibilities, if necessary, such as:

Possible Services:

1. Add new types of permanent waving and hair coloring.

2. Provide catalogs of hairstyles (with photographs and drawings) to help customers decide how they want their hair styled.

3. Expand her service of referring customers to other health- and beauty-related businesses. For example, keep a directory describing such businesses in the salon or distribute a brochure that classifies and lists such businesses.

Possible Products:

1. Expand her line of hair conditioners and rinses.

2. Sell beauty products that have a high markup, like cosmetics.

3. Sell wigs and hairpieces.

Summary (15-30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

The Summary section of the Student Guide covers the main points of the module. You may wish to discuss this briefly in class to remind students of major module topics.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

You may want to use a wrap-up activity. If you have already given the quiz, you can go over the correct answers to reinforce learning. Or you could ask class members to talk about what they think about owning a small business and whether they will follow this option any further. A possible activity is to have students develop a "scenario," or structured fantasy, of themselves in the future running a hair styling shop. Students can write down, or discuss, the characteristics of their own business--from the services provided and its name and location to the procedures they would use to keep records, advertise, and maximize profits.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. Answers could include: a. haircuts; b. permanent waves; c. hair coloring; d. hairstyling. Accept other reasonable answers.

2. a

3. Answers could include: reduced rates; treatments and coloring especially for grey hair; appointment times separate from appointments for children or young parents. Accept other reasonable answers.

4. b

5. a

6. a

7. c

8. Possible answers: personal savings; gifts; personal loans; investments by others. Accept other reasonable answers.

9. Possible answers: clean it herself; assign cleanup to one or more employees; hire a housecleaner or janitorial service. Accept other reasonable answers.

10. c

11. Possible answers: have the employee watch you work; watch the employee and comment or assist as needed; ask the employee to read certain books and fashion magazines; have the employee take a special cosmetology course. Accept other reasonable answers.

12. a

13. b

14. c

15. b

16. a

17. d

18. c

19. c

20. c

SUGGESTED READINGS

General Entrepreneurship References

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State of New Jersey. Ethnic hairdressing. New Brunswick, NJ: Rutgers - The State University, 1977 (second printing).

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GOALS AND OBJECTIVES

Goal 1: To help you plan your hair styling shop.

Objective 1: Describe the services, customers, and competition of a hair styling shop owner.

Objective 2: List three personal qualities the owner of a hair styling business might have.

Objective 3: List two ways to help your business "stand out" from its competition.

Objective 4: List two special legal requirements for running a hair styling shop.

Goal 2: To help you choose a location for your hair styling shop.

Objective 1: List three things to think about in deciding where to locate your business.

Objective 2: Pick the best location for a hair styling shop from three choices and explain your choice.

Goal 3: To help you plan how to get money to start your hair styling shop.

Objective 1: Write a business description for your hair styling shop.

Objective 2: Fill out a form showing how much money you need to borrow to start your hair styling shop.

Goal 4: To help you learn about managing work and people in a hair styling shop.

Objective 1: Plan how to get workers for all the necessary tasks of your business by hiring employees, contracting for services, or both.

Objective 2: Pick the best person for a specific job in your business.

Objective 3: Describe the types of training you would give employees depending on their jobs and backgrounds.

Goal 5: To help you learn how to keep track of the work of a hair styling shop.

Objective 1: Fill out a form listing the tasks and materials needed to serve customers of a hair styling salon.

Objective 2: Develop a daily work schedule for a cosmetologist.

Goal 6: To help you decide how to set prices for a hair styling shop.

Objective 1: List factors that affect the prices of hair care services.

Objective 2: Pick the best price for a specific hair care service.

Goal 7: To help you learn ways to advertise and sell the services of a hair styling shop.

Objective 1: List ways that a hair styling shop promotes, or "sells," its services.

Objective 2: Pick one way to advertise a hair styling shop.

Objective 3: Design a printed ad for a hair styling shop.

Goal 8: To help you learn how to keep financial records for a hair styling shop.

Objective 1: Fill out a sales slip for a sale in your hair styling shop.

Objective 2: Fill out a daily cash sheet for money received and paid out in one day.

Goal 9: To help you learn how to keep your hair styling shop successful.

Objective 1: Figure out the net profit, profit ratio, and expense ratio for your business.

Objective 2: State one way your business could increase its profits.

Objective 3: State one way your business could change its services to increase sales.

U.S.GPO:1981:791-796/309